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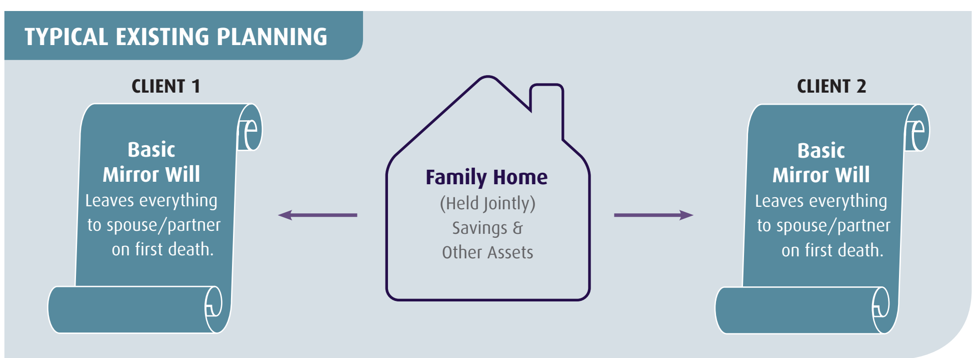
countrywide
Tax & Trust Corporation Ltd

KEY FEATURES AND BENEFITS 2

Death Planning Solution for:

✔ MARRIED COUPLES/CIVIL PARTNERS
✔ ESTATE VALUED **MORE THAN** 2 X NIL RATE BANDS (NRB)

TYPICAL EXISTING PLANNING



WHERE THERE IS NO WILL, OR COUPLES HAVE ONLY A BASIC WILL/MIRROR WILLS IN PLACE, YOUR ASSETS ARE EXPOSED TO THE FOLLOWING RISKS:

Care Costs
Following first death, should the surviving spouse/partner need Care then the **whole estate** including the **family home** would be **assessed to pay for the cost of that Care.**

Marriage After Death (MAD)
On first death all the assets are then **solely owned** by the surviving spouse. What if the surviving spouse re-marries? The inherited estate could be lost to the new spouse, **disinheriting your children.**

Creditors or Bankruptcy
If the surviving spouse were to be subject to **Creditor Claims/Bankruptcy** then the inherited estate is **fully at risk.**

ON SECOND DEATH THERE ARE FURTHER RISKS TO THE ESTATE YOU WISHED YOUR LOVED ONES TO BENEFIT FROM:

Inheritance Tax (IHT)
Inheritance Tax would be payable on any amount in **excess of the couple's Nil Rate Bands (NRB).**

Divorce
If your children/chosen Beneficiaries are subject to divorce proceedings, then half of what you intended them to receive is at risk to **Divorce settlements.**

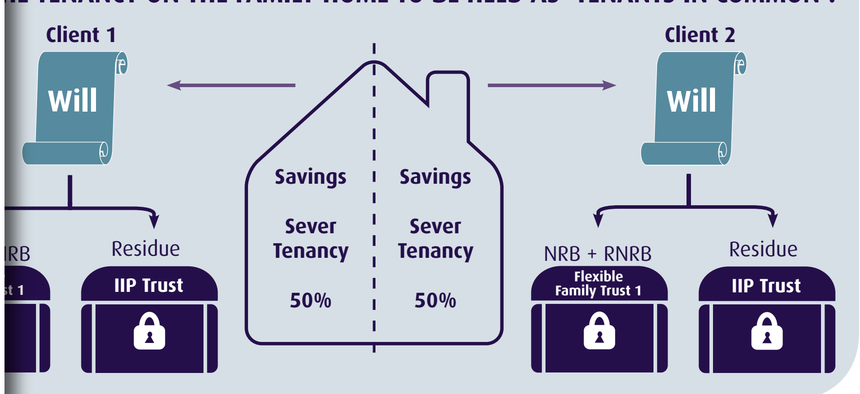
Creditors or Bankruptcy
Similarly, if any of your Beneficiaries are subject to **Creditor Claims/Bankruptcy** then the inherited estate is **fully at risk.**

Their own future Care Costs
If the inheritance has been passed to your chosen Beneficiaries, these assets could later be assessed for their own **Care Costs.**

Generational IHT
On second death the remaining estate is likely to be directed by the Will to the Beneficiaries. This then adds to the Beneficiaries' estates and could impact **their own Inheritance Tax.** (See key Features and Benefits Sheet 6: Generational IHT)

…WIDE TAX & TRUST CORPORATION SOLUTION

…HE TENANCY ON THE FAMILY HOME TO BE HELD AS 'TENANTS IN COMMON'.



…e deceased's assets, including their share of the property, is passed into their Flexible Family Trust and Interest …(IIP) Trust via the will. On first death, the surviving spouse or partner continues to live in the property and able …hey wish, if they choose to do so. In the event the surviving spouse or partner should enter care, they only own …

…CIARIES HAVE ACCESS TO THE TRUST FUNDS BUT WE ENSURE THAT THESE ASSETS DO NOT ENTER THEIR …D SO ARE PROTECTED FROM ATTACK BY THE FOLLOWING:

… the assets in the Trust ensures that they do not …o the Beneficiaries' own estates and so cannot …ssed for their **Care costs.**

…rs or Bankruptcy
…y, if any of your Beneficiaries are subject to **…r Claims/Bankruptcy** then their inheritance …ot be exposed to these claims.

… or Generational IHT
… the assets in the Trust ensures that they do not … the Beneficiaries' estates and impact on **their …heritance Tax.** (See Key Features and Benefits …: Generational IHT).

Marriage After Death (MAD)
Placing half of the family home and other assets into a Trust on first death ensures that, should the surviving spouse **remarry** in the future, those assets cannot be taken into the second marriage and removes the threat of your own children being disinherited. The survivor is still able to use the assets in the Trust.

Divorce
Placing the assets into Trust ensures that, if your children/Chosen Beneficiaries are subject to Divorce proceedings then what you intended them to receive is protected from any **Divorce settlements.**

Residence Nil Rate Band (RNRB)
Our Trusts ensure that if there are lineal descendants as beneficaries, the Trust will still qualify for the RNRB. See further information on Key Features and Benefits Sheet 25.

…es it may be beneficial to use multiple pilot trusts, as there are various options open to trustees following …f a settlor to try and reduce the occurrence of periodic and exit charges in some cases. Multiple pilot trusts …rease flexibility and autonomy, as it enables the beneficiaries to have and be in control of their 'own trust'. …y Features and Benefits Sheet 22.

This sheet contains only general planning and is not to be construed as advice for any personal planning. Each strategy recommended is based on individual circumstances.

For more information please call us on **01926 514 390** or email **enquiries@countrywidegroup.co.uk**

STEP — Details on our Full STEP Members can be found on the STEP Members page at **www.countrywidegroup.co.uk**

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ABC WILLS LTD

KEY FEATURES AND BENEFITS 9

Additional Planning Solution for:

✔ BUSINESS/AGRICULTURAL ASSETS

TYPICAL EXISTING PLANNING

Note: This sheet only applies to Business and Agricultural Assets that attract Business and Agricultural Property Relief (BPR / APR).

WHERE THERE IS NO WILL, OR ONLY A BASIC WILL IN PLACE, YOUR BUSINESS ASSETS ARE EXPOSED TO THE FOLLOWING RISKS:

Inheritance Tax (IHT)
Business Property Relief may be available on Business Assets. But if spouse/partner/children decide to sell the business the proceeds will enter their estates creating a potential IHT liability on their death. 40% of the value of the business could be lost to future generations.

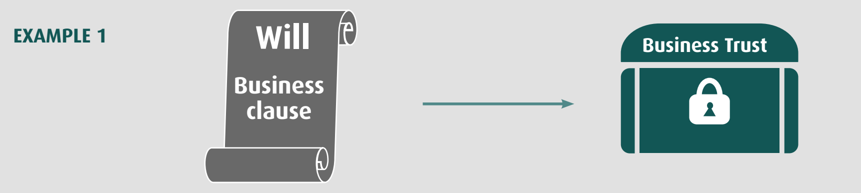
Example of potential Inheritance Tax Liability
Example of potential Inheritance Tax Liability Mr owns 100% of ABC Ltd which is valued at £1,800,000. Mr dies leaving the business to his spouse/partner/children. No IHT payable on Mr's death assuming the availability of Business Property Relief (BPR). Subsequently, the spouse/partner/children decide to sell the business resulting in £1,800,000 entering their estate.

When the spouse/partner/children die they leave a potential IHT bill of £1,800,000 x 40% = £720,000

3rd Party Claims
Share of company is now part of spouse/partner's/children's estates and therefore is at risk from any future Divorce settlements, Creditors and Bankruptcy.

3rd Party Claims
If rules on BPR and APR change between first and second death, when spouse/partner/children dies these reliefs may not be available. Opportunity to take assets out of estate will have been missed.

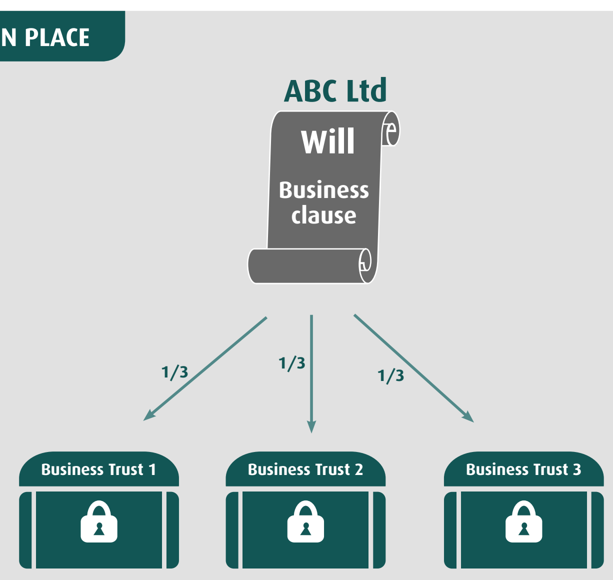
USING A DISCRETIONARY TRUST



Periodic and Exit Charges
If the business/farm is sold then this may give rise to periodic and exit charges if value of assets exceeds the Nil Rate Band.

Solves the above problems of Inheritance Tax, 3rd party claims and potential changes in reliefs.

…NING IN PLACE



***Client's Beneficiaries are Trustees and Beneficiaries of the Trusts. 3 Children = 3 Trusts in this example**

…e Tax Example
…00% of ABC Ltd which is valued at £1,800,000. Mr …g the business to Family Business Trusts. No IHT … Mr's death due to BPR/APR.

…tly, the spouse/partner/children decides to sell the …esulting in £1,800,000 entering the Trusts.

… Spouse/Partner/Children die, IHT payable on …eds of the sale of the business = £0 a saving of … compared with if Trusts are not used (See typical …anning).

Third Party Claims
The proceeds from any future sale of the business will be protected from Divorce, Remarriage, Bankruptcy and Long Term Care.

…ses it may be beneficial to use multiple pilot trusts, as there are various options open to …lowing the death of a settlor to try and reduce the occurrence of periodic and exit charges …ses. Multiple pilot trusts can also increase flexibility and autonomy, as it enables the …s to have and be in control of their 'own trust'. See also Key Features and Benefits sheet 22.

…ATURES AND BENEFITS SHEET CONCERNS BUSINESS SUCCESSION PLANNING ONLY. FOR PERSONAL …EE KEY FEATURES AND BENEFITS SHEETS 1-8. FOR BUSINESSES WHERE THERE ARE MORE THAN ONE …ALSO KEY FEATURES AND BENEFITS SHEET 10 ON THE USE OF CROSS OPTIONS.

…ains only general planning and is not to be construed as advice for any personal planning. Each strategy recommended is …dual circumstances.

For more information please call us on **01234 567 890** or email **info@abcwillsltd.co.uk**

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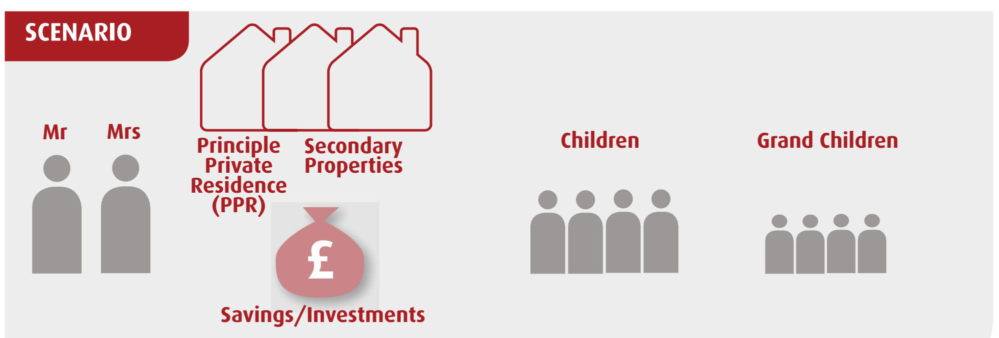
123 Wills
In association with
Countrywide Tax & Trust Corporation Ltd

KEY FEATURES AND BENEFITS 23B

Family Holdover Gift Trust

SCENARIO



Clients have an estate including their Principle Private Residence, secondary properties and savings/ investments.

THE CLIENTS HAVE ASSETS WHICH HAVE INCREASED IN VALUE SINCE ACQUISITION, INCLUDING THE SECONDARY PROPERTIES.

- Want to make a gift to reduce their own Inheritance Tax liability on death.
- Want to make provisions whilst they are alive for children and/or grandchildren, some/all of which may be 'minors'.
- Want to start the '7 year clock', but do not want the beneficiaries to have immediate control of the gifted asset.
- Concerned that the gift made would be at risk from the recipients future divorce/ separation, creditor/ bankruptcy claims, care fees and IHT.
- Wish to gift a 'secondary' property they already own.

GIFTING OPTIONS:

1. ABSOLUTE GIFT (POTENTIALLY EXEMPT TRANSFER)

CONSIDERATION SHOULD BE GIVEN TO THE FOLLOWING THREATS:

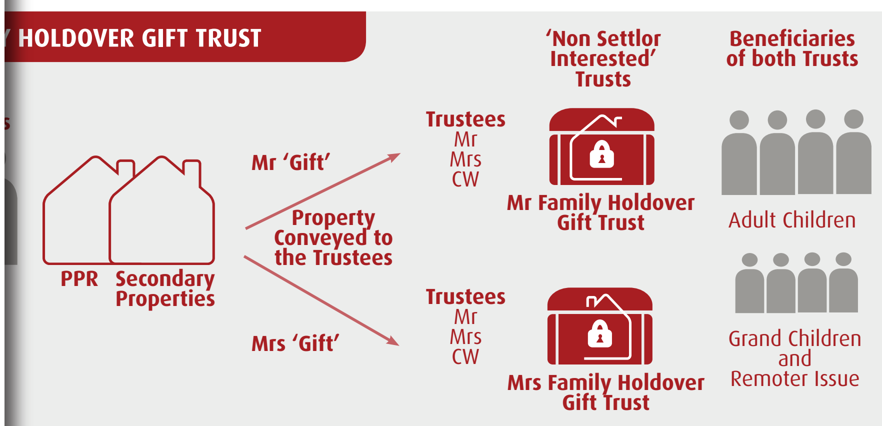
- The gift is at risk from the recipient's future divorce, creditor claims, care fees and their Inheritance Tax.
- The donor of the gift has no control over the gift once it has been made.
- To be IHT efficient the donor cannot then benefit from the gift made.
- Need to survive 7 years from making gift to be out of estate for IHT.
- Pending the gift value it will utilise part/all of the donors Nil Rate Band (NRB).
- The gift is a Potentially Exempt Transfer (PET).

GIVEN THE GIFT IS A SECONDARY PROPERTY THEN:

- The gift would be a disposal for Capital Gains Tax. (CGT).
- If the gift generates income (rental income) then Income Tax is also a consideration. The donor couldn't still benefit from the income to be IHT efficient.

…DE TAX AND TRUST CORPORATION SOLUTION:

… HOLDOVER GIFT TRUST



… Settlors of their own Trusts claim the CGT relief by completing HMRC's 'HS295 Claim Form' and include … Self-Assessment Tax Return.

…HE 'GIFT' TO TRUST:

… can be deferred (held over) into the Trust until future …l as long as the Trust is 'Non-Settlor Interested'.

…ttlor Interested Trust must exclude as Beneficiaries of …t, the Settlor, the Settlors spouse (or Civil Partner) and … minor children.

…r adult children, grandchildren and remoter issue can …

- The Settlor (the donor of the gift) of the Trust can still maintain control of the gift by being a Trustee of the Trust. (it is necessary to have more than 1 Trustee)
- So the Trustees can control the beneficiaries 'access' to the gift.
- The Trust provides the maximum protection from the beneficiary's remarriage, divorce/ separation, creditor/ bankruptcy, long term care fees and their IHT.

…ING A GIFT TO TRUST FOR IHT EFFICIENCY:

…or still needs to survive 7 years from making the gift …be IHT efficient. (Does the Settlor require a 7 year …m Life Assurance policy assigned to Trust as well? … Features and Benefits Sheet 8.)

- Pending the gift value, it will utilise part/all of the donors Nil Rate Band (NRB)
- **The gift is a Chargeable Lifetime Transfer (CLT) and hence if in excess of the NRB is settled to Trust then that excess will be immediately taxed at half the death rate (20%)**

…L OF THE FOLLOWING:

…s only deferred and not mitigated. Should the Trustees … sell the property in the future, then they will need to … the CGT that would be based from the original value …erty was acquired at.

- If the gift generates income (rental income) then Income Tax is also a consideration. Any income generated would be Trust income and would need to be managed by the Trustees. Strongly consider appointing Professional Trustees to assist.

…ler the information in Key Features and Benefits Sheet 22 to understand whether using Multiple Trusts may be … your circumstances.

…tains only general planning and is not to be construed as advice for any personal planning. Each strategy recommended is …vidual circumstances.

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